United States Environmental Protection Agency Criminal Investigation Division Investigative Activity Report

Case Number Investigative Activity Report 0506-0026 Case Title: **Reporting Office:** (b)(6), (b) Enterprises Inc. Detroit, MI, Resident Office Subject of Report: **Activity Date:** Interview of (b)(6), (b) (7)(C) Deputy Director DWSD September 9, 2010 **Approving Official and Date: Reporting Official and Date:** (b)(6), (b)(7)(C), SAC(b)(6), (b) (b)(6), (b) (7) RAC 16-SEP-2010, Approved by: (b) (6), (b) (7), ASAC 16-SEP-2010, Signed by: (b)(6), (b)(6), SYNOPSIS 09/09/2010 - .S. EPA CID Special Agent (b)(6), (b) (7)(C) and FBI SA (b)(6), (b) (7)(C) interviewed (b)(6), (b) (7)(C) Deputy Director, Detroit Water & Sewerage Department (DWSD) regarding the evaluation and awarding of several contracts by the department.

DETAILS

On September 9, 2010, U.S. EPA CID Special Agent (b)(6), (b) (7)(C) and FBI SA (b)(6), interviewed (b)(6), (b) (7)(C) Deputy Director, Detroit Water & Sewerage Department (DWSD) regarding the evaluation and awarding of several contracts by the department. (b)(6), was previously interviewed by the agents in this investigation. (b)(6), was interviewed at the FBI office in Detroit, Michigan. (b)(6), provided the following information:

Regarding the decision to use an average cost method for contracts CM 2014 and 2015, (b)(6), explained that (b) felt that the department needed to throw out two of the bidders as they didn't supply adequate information in their bid and were the lowest bidders when it came to cost. EBI and Vision Consultants were the two bidders in question. (b)(6), discussed this issue with then DWSD Director (b)(6), (b) (7)(C) who told (b)(6), that (b) did not want to throw out the bidders but did not explain why.

(b)(6), (b) told (b)(6), that (b) wanted to find another way to score the bidders and asked for (5)(6), (b) input. (b)(6), told (b)(6), (b) he'd have to think about it. (b)(6), told (b)(6), (b) that the only other method the department had used in the past was to average the rates and wages for consulting services. (b)(6), agreed with the agents that those types of contracts are very different than CM 2014 and 2015. (b)(6), was asked if (b)(6), (b) gave any explanation as to why (b) wanted to use a cost calculation which varied from the standard method. (b)(6), replied that (b)(6), (b) was not going to have conversations as to why (b) was doing anything.

established the requirement that the local economic development (LED) portion of a bid would be given 35% of the total weight. According to (b)(6). The Mayor's Office wanted to give the LED 50% of the weighted average but Contracts and Grants fought this. (b)(6). Told (b)(6), (b) that even 35% was too much to assign to the LED. (b)(6), commented that "we knew what this process was set up for; for certain people to win, certain people to lose." When asked who it was that was to win the contracts, (b)(6), replied (b)(6), (b) (7)(C) (b)(6), added that all of the things the agents have seen in their investigation into the various DWSD contracts the contracts and grants employees also saw. The assigning of the LED weights was a process to set up the next process, referring to the preference to award contracts to (b)(6), (b) and (b) teams.

This document contains neither recommendations nor conclusions of the EPA.

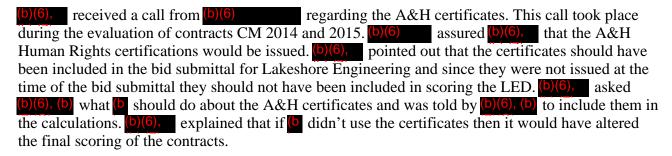
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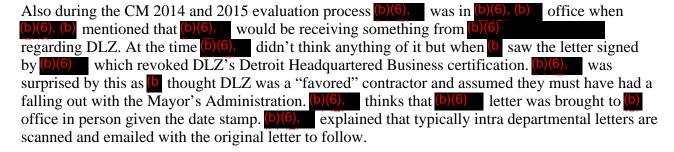
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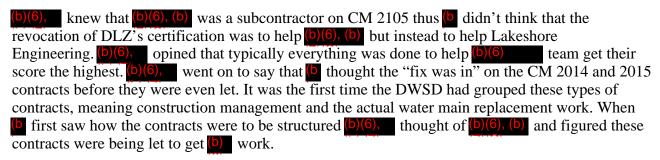
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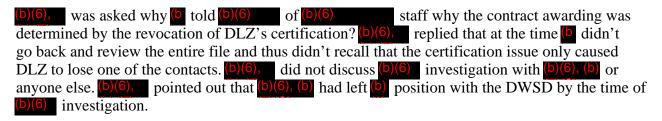
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After the DLZ certification was revoked the bids were again tabulated but DLZ's team (Superior) was still the second highest bidder. It was at this point that (b)(6), (b) asked (b)(6). To come up with another method of scoring the bids. The use of the average cost method was not used to address the two lowest bidders which (b)(6). That expressed concerns about their ability to perform the work but was to accomplish what (b)(6), (b) asked of (b) that is to use another method of evaluating the costs. At the time (b)(6), (b) that the DWSD never really did anything different on scoring the costs of bids before this. (b)(6), (b) told the agents that there was no question that using the average cost method would change the results of the evaluation so that anyone with a higher score will be penalized. (b)(6), (b) had a problem with using the method of scoring the costs from the beginning, explaining that it just didn't look right to anyone.



The decision to negotiate with the top two bidders for DWSD 844A was (b)(6), (b) idea. (b)(6),

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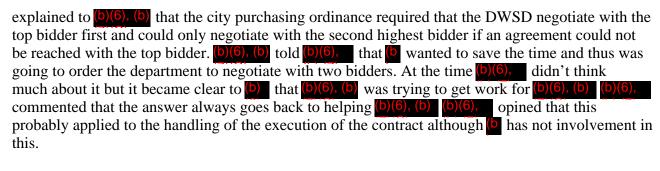
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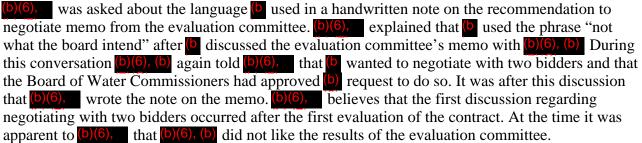
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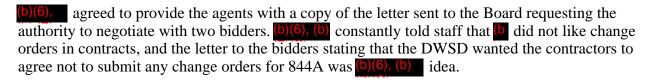
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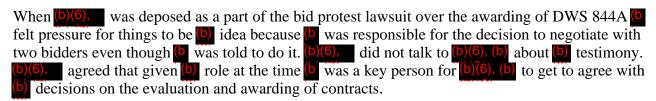
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